The Role Of Product Innovation In Consumer Purchasing Decisions

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Abstract. *The purpose of this study is to determine how product innovation, brand image, and digital strategy affect the purchasing decisions of Palu consumers regarding Indomilk milk. The employed research methodology is quantitative in nature, incorporating both primary and secondary sources of data. The study's population comprises Indomilk milk consumers residing in Palu, the exact number of whom has not been determined. Due to the unknown quantity of the population, the number of respondents for this survey was calculated using the Paul Leedy formula and came to 81. The data for this study was gathered through the distribution of a questionnaire to the sample of respondents. This study employed various data analysis techniques, including instrumental tests, tests for double linear regression, t tests, F tests, and determination coefficient tests. On the basis of this study's data analysis, it is possible to conclude that product innovation, brand image, and digital strategy significantly impact the purchasing decisions of Palu consumers regarding Indomilk.*

Keywords: Product Innovation, Brand Image, Digital Strategy, Purchasing Decisions

INTRODUCTION

In contemporary times, the beverage franchise industry is experiencing swift growth due to heightened consumer consciousness regarding product quality and the vast array of alternatives accessible in the marketplace. Indomilk Milk is a trailblazer in the Indonesian beverage franchise industry, where it is actively engaged in researching the determinants that impact consumer buying behavior.

Intense competition is emerging among beverage companies due to the advent of novel products by rival firms and the ever-evolving patterns of consumer behavior. There is a growing tendency among consumers to favor dairy products that not only exhibit innovation but also possess a favorable brand reputation and are seamlessly incorporated with impactful digital strategies, in line with consumer preferences. Lab Milk in Palu signifies a change in consumer inclination towards products that provide added value.

Innovations in products can significantly influence the purchasing decisions of consumers. Consumers exhibit heightened attention towards products that are deemed innovative, and the innovation factor can significantly influence their purchasing decisions. According to Moridu (2023), the metrics employed to assess product innovation comprise the quantity of newly introduced products, the pace at which new products are embraced by the market, and the allocation of resources towards product research and development. An effective digital strategy can, according to Yusuf (2022), increase brand recognition, affect

consumer thought, and streamline the purchasing process. Additionally, digital data permits the customization of customer experiences, which has the potential to boost customer engagement and satisfaction. The degree of integration of digital technology into business processes, the level of investment in digital technology, and the success of digital marketing campaigns are all indicators used to evaluate digital strategies.

A collection of actions and thought processes that individuals or households engage in when selecting, acquiring, and utilizing a specific product or service constitute consumer purchase decisions. By skillfully combining product innovation, a robust brand image, and an efficient digital strategy, organizations have the ability to craft comprehensive experiences that significantly impact consumer buying choices. Kotler and Keller (2012) posit that the evaluation of consumer purchasing decisions is conducted through the assessment of decision-making time, post-purchase satisfaction, and the impact of external factors. The present study incorporates an innovation by incorporating the influence of social media (Kapferer, 2012) into the brand image indicator proposed by Keller (1883). As a result, the research utilizes the following brand image indicators: customer loyalty rate, the level of consumer confidence in a brand, the positive or negative impact of advertising, and the influence of social media.

LITERATURE REVIEW

Purchase Results

The process by which an individual or household selects and acquires a product or service from a variety of available alternatives on the market is referred to as a consumer purchase decision. Problem identification, information search, alternative evaluation, purchase, and post-purchase evaluation are all components of this procedure. Numerous elements impact purchasing decisions, including economic considerations, personal preferences, motivation, and social influence.

A purchase decision comprises both the mental and physical actions an individual performs when selecting and acquiring a specific product or service. Solomon (2018) illustrates the phases of consumer decision making by comparing the purchasing decision process to a voyage.

Marketers can develop more effective strategies to influence and comprehend consumer purchasing decisions by gaining an understanding of the purchasing decision process. Indicators of purchasing outcomes, as defined by Kotler and Keller (2012), comprise the following: time required to make a decision, post-purchase satisfaction level, and the impact

of external factors.

Product innovation

Product innovation refers to the degree of novelty and transformation exhibited in the goods manufactured by an organization. Product innovation encompasses the creation and launch of a novel service or product that satisfies the desires or requirements of consumers, offers enhanced functionality, or presents an improved alternative to a preexisting product. Product innovation may encompass modifications to the product's design, attributes, technologies, or marketing strategy.

Drucker (1885) underscored the unique role of innovation as a tool of entrepreneurship, endowing resources with an enhanced capability to generate value. Through a comprehension of the tenets of innovation, businesses are able to develop pertinent products and prevail in the marketplace. According to Rogers (2023), the variable indicator of product innovation comprises the following: the quantity of newly introduced products, the pace at which the new products are embraced by the market, and Investment in the research and development of products

Brand Image

Consumers' impression, perception, and association with a particular brand constitute its image. The components comprising it are as follows: brand reputation, visual image, brand values, and consumer experiences that are linked to the given product or service.

This study incorporated the impact of social media (Kapferer, 2012) into the brand image indicator proposed by Keller (1883). As a result, the following brand image indicators were utilized: consumer confidence in a brand, the effectiveness of advertising in generating positive or negative outcomes, customer loyalty rate, and social media influence.

Digital Strategy

Digital strategy encompasses the formulation and execution of tactics that leverage digital technology to advance organizational objectives. In the current digital business environment, it entails the utilization of online platforms, social media, data analysis, online marketing, and additional digital components to enhance visibility, foster consumer engagement, and achieve desired outcomes.

A company's digital strategy is its approach or blueprint for utilizing digital technology in operational and marketing processes. The following are digital strategy indicators, as defined by Chaffey and Smith (2016): The degree of integration of digital technology into business processes, the level of investment in digital technology, and the efficacy of digital marketing campaigns.

Frame Work

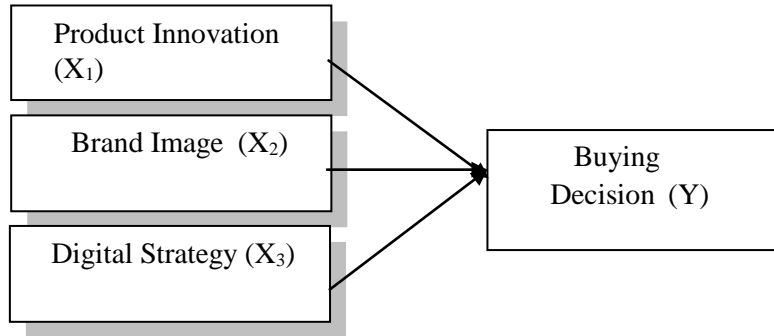From the description above, the framework of thought in the research can be described as follows :

Figure 1. Frame Work

RESEARCH METHOD(S)

The employed research methodology is quantitative in nature, incorporating both primary and secondary sources of data. The study's population comprises IndomilkMilk consumers residing in Palu, the exact number of whom is unknown. Using the Paul Leedy formula, the number of respondents in this survey was calculated from an indeterminate number of populations; a total of 81 respondents were obtained. Random sampling is the method of sampling.

FINDINGS AND DUSCUSSION

1. Reliability Test

As to reliability test results for all variables in this study can be seen in table 5 as follows:

Table 1

Reliability Test Results

Variable	Cronbach's Alpha	Criteria	Description
Product Innovation (X_1)	0,654	0,60	Reliabel
Brand Image (X_2)	0,661	0,60	Reliabel
Digital Strategy (X_3)	0,823	0,60	Reliabel
Buying Decision (Y)	0,868	0,60	Reliabel

Source: Processed primary data, 2023

Based on the reliability tests that have been carried out, it is known that all the

instruments used for variables in this study are Reliable, because the output of SPSS shows that the independent variables consisting of Product Innovation (X1), Brand Image (X2), and Digital Strategy (X3) as well as the dependent variable namely Buying Decision (Y) have Cronbach's Alpha value > 0.60 so this instrument can be used as a tool to measure the variable in this research.

Data Analysis

1. **Double Linear Regression Analysis**

Table 6

Double Linear Regression Analysis

Variable	Regression coefficient	t count	Sig
Konstanta	-11,183	-6,668	0,000
Product Innovation (X_1)	0,581	6,584	0,000
Brand Image (X_2)	0,382	5,488	0,000
Digital Strategy (X_3)	0,536	8,185	0,000
F Count	166,830		
Sig F	0,000		
Adjusted R Square	0,808		

Source: Processed primary data, 2023

As a consequence of the data processing described in Table 3, the subsequent equation represents a double linear regression:

$$Y = -11{,}183 + 0{,}581\ X_1 + 0{,}382\ X_2 + 0{,}536\ X_3 + e$$

2. **Drawing from the test results, it can be concluded that the value t count is greater than the critical value t table, and the p-value in this investigation supports the following:**

a. The impact of product innovation on purchasing decisions. Based on the obtained t count value (6,584 > 1,885) and p-value (0.000), which is less than 0.05, it can be concluded that the first hypothesis is accepted. This implies that the product innovation significantly impacts the purchasing decision of consumers in Palu regarding IndomilkMilk. Thus, the first hypothesis of this study, which stated that product innovation has a substantial impact on consumer purchasing decisions, was validated by the success of IndomelkMilk in Palu. The findings of this research corroborate the research conducted by Smith et al. (2018), Johnson & Brown (2018), and Kim & Lee (2016), which demonstrated that product innovation significantly impacts purchasing decisions.

b. The Effect of Brand Image on the Decision of a Buyer Based on the calculated value t count exceeding t table (5,488 > 1,885) and the p-value of 0.000 being less than 0.05, the second hypothesis is supported, indicating that brand image significantly impacts consumers' purchasing decisions regarding Indomilk Milk in Palu. Thus, the second hypothesis of this research, which posits that brand image has a substantial impact on the purchasing decisions of Indomilk consumers in Palu, was validated. This study provides further support for the findings of Wang

et al. (2021) and Garcia & Martinez (2018), which demonstrated that brand image significantly impacts purchasing decisions.

c. The Effect of Digital Strategy on the Determination of Purchases The third hypothesis is supported by the calculation of the value t count > t table (8,185 > 1,885) and the p-value 0.000, which is less than 0.05. This indicates that digital strategies have a statistically significant influence on the purchasing decisions of consumers in Palu regarding Indomilk Milk.

CONCLUSION AND RECOMMENDATION

1. Product Innovation influences the Buying Decision of Indomilk consumers in Palu
2. Brand Image influences the Buying Decision of Indomilk consumers in Palu
3. Digital Strategy influences the Buying Decision of Indomilk consumers in Palu.

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